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March 27, 1975

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Y

Mr. David G. Gadda
Counsel
Boise Cascade Corporation
Legal Department
1 Jefferson Square
Boise, Idaho 83728

Re: City of Elgin Water Project

Dear Mr. Gadda:

By letter dated March 19, 1975, Mr. John Reed, the Regional Manager for Boise Cascade Corporation, advised the City of Elgin that in his opinion the contract between the City of Elgin and Pacific Tank and Construction Corporation violated sections 2.3.2, 2.3.3, 2.3.5, 2.3.6, 2.3.7, 2.3.8, 2.3.9 and 2.5 of the contract between the City of Elgin and Boise Cascade Corp.

I have reviewed the City of Elgin - Pacific Tank and Construction Corporation contract and the City of Elgin - Boise Cascade Corporation contract, and in my opinion we are in no way in default on that contract.

I shall take the Boise Cascade Corporation contract section by section as set out in Mr. Reed's letter and explain our position.

Section 3.2.3 Addendum No. 1 dated December 6, 1974, provides in paragraph (a) that all obligations and duties of the contract shall be owing to Boise Cascade Corporation as a third party beneficiary.

Section 2.3.3 There have been no change orders made by the City and we fully expect that if a change order is required that we will submit it to Boise Cascade for its approval.

March 27, 1975

Section 2.3.5 and 2.3.6 The Contract is providing an umbrella policy of one million dollars which covers both the City and Boise Cascade Corporation, and from my conversation with you of March 26, 1975, it is my understanding that this insurance complies with these provisions.

Section 2.3.7 On page G-30 of General Conditions the contractor indemnifies and holds harmless the City of Elgin and Boise Cascade Corporation from all losses.

Section 2.3.8 This contract was submitted to Boise Cascade Corporation for approval on November 26, 1974, when on that date the City Engineer delivered the contract to Mr. Milt Heighs, an employee of Boise Cascade Corporation. The contract was not let until January 3, 1975. Prior to that time, Mr. Milt Heighs gave his oral approval of the plans and specifications to Mr. Howard Perry who is an employee of the City Engineer.

Section 2.3.9 On page G-21 of the General Conditions either the City or the Boise Cascade Corporation has the power to terminate the contract pursuant to this section.

Section 2.5 We do not feel that we have violated this provision as Boise Cascade had the document long before the time that the contract was executed. We naturally expected that they would forward these to their legal department for review, and we do not feel that we are responsible for their failure to do so.

I have not yet had an opportunity to go over Phase II with Mr. Howard Perry. I will be forwarding you the information that you requested in our telephonic conversation of March 26, 1975, as we have no desire to be at cross purposes with your corporation. We appreciate your cooperation on this project and we look forward to a continuing friendly relationship.

Very truly yours,

James A. Monce
City Attorney for the
City of Elgin

JAM/ncc
Enclosure

cc: ✓ Warner Stein, Mayor
City Hall
Elgin, Oregon 97827



Boise Cascade

Timber and Wood Products Group

Northeast Oregon Region
P. O. Box 610
La Grande, Oregon 97850
(503) 963-3141

March 19, 1975

Honorable Warren Stein
Mayor
City of Elgin
Elgin, Oregon 97827

Re: City of Elgin - Boise Cascade Corporation Water Project

Dear Mayor Stein:

We have received a copy of a contract which we understand was entered into between the City of Elgin and Pacific Tank and Construction Corporation. Our review of that contract indicates that certain provisions required by the agreement between Boise Cascade Corporation and the City of Elgin of December 27, 1974, were omitted. Specifically omitted were the provisions required by section 2.3.2, 2.3.3, 2.3.5, 2.3.6, 2.3.7, 2.3.8, and 2.3.9 of the Boise Cascade - City of Elgin agreement. In addition, the City failed to comply with section 2.5 which required the contract to be approved by Boise Cascade's legal department.

While Boise Cascade Corporation does consider the City's failure to include the provisions required by said agreement in the construction agreement to be a breach of that agreement, it is not its intention to require the City to renegotiate the Pacific Tank contract at this time. The City may, of course, do so if it wishes. However, by this action Boise Cascade Corporation does not waive any rights it may have against the City of Elgin for such breach. Boise Cascade would also expect that the City would allow it to review any future contracts on this project in advance of signing and include the required provisions in any such contracts.

In addition, we assume that the City will not issue any change orders on the Pacific Tank project without the advance approval of Boise Cascade.

Very truly yours,

John Reed
Region Manager
Northeast Oregon Region

JR:la

xc: Mr. James A. Monce
Milt Heighes